GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3593
ANSWERED ON:25.08.2006
IT EXEMPTION
Gaikwad Shri Eknath Mahadeo

Will the Minister of FINANCE be pleased to state:

(a) whether Maharashtra Maritime Board has sought exemption from Income Tax under IT Act;

(b) if so, the details thereof;

(c) whether other autonomous bodies like Coffee, Tea and Tobacco boards have been given exemption under this scheme; and

(d) if so, the reasons for not giving exemption to Maritime Board from Income Tax?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b)Representations were received requesting for grant of exemption from income-tax to the Maharashtra Maritime Board. The same were considered by the Government and were not found to be acceptable.

(c) Section 10(2?A) of the Income-tax Act, 1961,inter alia, provides income-tax exemption on any income accruing or arising to the Coffee Board, the Tea Board,and the Tobacco Board, as specified therein.

(d) The nature of activities of Maritime Boards is different from that of the entities enjoying exemption under section 10(29A). Till Assessment year 2002-2003,Maharashtra Maritime Board was enjoying exemption from income-tax as a local authority under section 10(20) of the Income-tax Act, 1961. A policy decision was taken through the Finance Act, 2002 to define the term `Local authority1 under section 10(20), so as to restrict the exemption to Panchayats, Municipalities, Municipal Committees, District Boards and Cantonment Boards. The restrictive definition was adopted considering the need to phase out exemptions inconsistent with a moderate tax regime.